

AMENDMENTS TO LB1042

Introduced by Nebraska Retirement Systems

1 1. Strike the original sections and insert the following
2 new sections:

3 Section 1. Section 79-921, Revised Statutes Supplement,
4 2013, is amended to read:

5 79-921 (1) The membership of any person in the retirement
6 system shall cease only if he or she (a) withdraws his or her
7 accumulated contributions under section 79-955, (b) retires on a
8 school or formula or disability retirement allowance, or (c) dies.

9 (2) The employer shall notify the board of the date
10 upon which a termination has occurred. It is the responsibility of
11 the employer that is involved in the termination of employment to
12 notify the board of such change in employment and provide the board
13 with such information as the board deems necessary.

14 ~~(3) The retirement board shall reinstate to membership,~~
15 ~~with the same status as when such membership ceased, a school~~
16 ~~employee who has withdrawn his or her accumulated contributions~~
17 ~~under the following conditions:~~

18 ~~(a) If he or she again becomes an employee and if such~~
19 ~~employee chooses within three years after rejoining the system to~~
20 ~~repay, within five years after the date on which he or she rejoins~~
21 ~~the retirement system or prior to termination of employment,~~
22 ~~whichever is first, to the retirement board part or all of the~~
23 ~~amount he or she has withdrawn plus interest which would have~~

1 accrued on that amount under the retirement system, or

2 (b) If, more than three years after again becoming an
3 employee and rejoining the system but prior to termination of
4 employment, he or she chooses to repay part or all of the amount he
5 or she has withdrawn, plus an amount equal to the actuarial assumed
6 rate of return for the period repaid. Payment must be completed
7 within five years after electing to repay or prior to termination,
8 whichever is earlier.

9 (4) Prior creditable service shall be restored in
10 proportion to the amounts repaid. A member's prior creditable
11 service shall be fully restored only if the member has repaid
12 all accumulated withdrawals in accordance with either subdivision
13 (3)(a) or (3)(b) of this section, as applicable. Repayment may
14 be made through direct payment, installment payments, or an
15 irrevocable payroll deduction authorization. If the school employee
16 chooses not to repay such withdrawals with interest, the school
17 employee shall enter the system as a new member with no prior
18 rights.

19 (3) (a) A former member of the retirement system who has
20 withdrawn his or her accumulated contributions under section 79-955
21 shall be reinstated to membership in the retirement system if such
22 person again becomes a school employee.

23 (b) The date of such membership shall relate back to
24 the beginning of his or her original membership in the retirement
25 system only if such school employee has repaid all amounts required
26 in accordance with subsection (4) of this section. Unless and
27 until all such amounts are repaid, the school employee shall be

1 considered a new member, effective as of the date he or she again
2 becomes a school employee.

3 (4) (a) With respect to any person who is reinstated to
4 membership in the retirement system pursuant to subdivision (3) (a)
5 of this section prior to the effective date of this act and who
6 files a valid and complete application with the retirement board
7 for the restoration of his or her relinquished creditable service
8 prior to July 1, 2016, the following shall apply:

9 (i) If, less than three years after again becoming a
10 school employee but prior to termination of employment, the member
11 makes application to restore part of all of his or her relinquished
12 creditable service, such member shall pay to the retirement system
13 an amount equal to the previously withdrawn contributions for the
14 creditable service to be restored, plus the regular interest that
15 would have accrued on such amount under the retirement system to
16 the date of repayment;

17 (ii) If, more than three years after again becoming a
18 school employee but prior to termination of employment, the member
19 makes application to restore part or all of his or her relinquished
20 creditable service, such member shall pay to the retirement system
21 an amount equal to the previously withdrawn contributions for the
22 creditable service to be restored, plus an amount equal to the
23 actuarial assumed rate of return on such amount to the date of
24 repayment;

25 (iii) Payment must be completed within five years after
26 the date of the member's application to purchase such relinquished
27 creditable service or prior to termination, whichever is earlier;

1 and

2 (iv) Each such member shall be permitted to file only one
3 application for the restoration of relinquished creditable service
4 prior to July 1, 2016.

5 (b) With respect to any person who is reinstated to
6 membership in the retirement system pursuant to subdivision (3)(a)
7 of this section prior to the effective date of this act and who
8 files a valid and complete application with the retirement board
9 for the restoration of his or her relinquished creditable service
10 on or after July 1, 2016, the following shall apply:

11 (i) Such member may purchase creditable service in a
12 quantity not to exceed his or her relinquished creditable service.
13 The amount to be paid by the school employee for such creditable
14 service shall be equal to the actuarial cost to the retirement
15 system for restoration of such relinquished creditable service to
16 the member; and

17 (ii) Payment must be completed within five years after
18 the date of the member's application to purchase such relinquished
19 creditable service or prior to termination, whichever is earlier.

20 (c) With respect to any person who is reinstated to
21 membership in the retirement system pursuant to subdivision (3)(a)
22 of this section on or after the effective date of this act and
23 files a valid and complete application with the retirement board
24 for the restoration of his or her relinquished creditable service
25 under this section the following shall apply:

26 (i) Such member may purchase creditable service in a
27 quantity not to exceed his or her relinquished creditable service.

1 The amount to be paid by the school employee for such creditable
2 service shall be equal to the actuarial cost to the retirement
3 system for restoration of such relinquished creditable service to
4 the member; and

5 (ii) Payment must be completed within five years after
6 the date of the member's application to purchase such relinquished
7 creditable service or prior to termination, whichever is earlier.

8 (5) If less than full payment is made by the member,
9 relinquished creditable service shall be restored in proportion
10 to the amounts repaid. Repayment may be made through direct
11 payment, installment payments, an irrevocable payroll deduction
12 authorization, cash rollover contributions pursuant to section
13 79-933.02, or trustee-to-trustee transfers pursuant to section
14 79-933.09.

15 Sec. 2. Section 79-924, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 79-924 The retirement board shall adopt and promulgate
18 rules and regulations to allow for lump-sum or installment
19 payments for school employees who elect to repurchase relinquished
20 creditable service under section 79-921 or buy credit for prior
21 years of service under sections ~~79-921~~, 79-933.03 to 79-933.06,
22 and 79-933.08. Any person who elects to repurchase relinquished
23 creditable service or buy credit for prior years of service on an
24 installment basis may be charged reasonable service costs, shall be
25 credited with those prior years of service only as the money is
26 actually received by the retirement system, and shall have paid to
27 the retirement system all installments prior to the commencement of

1 a retirement annuity.

2 Sec. 3. Section 79-933.02, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 79-933.02 (1) The retirement system may accept cash
5 rollover contributions from a member who is making payment pursuant
6 to sections 79-921, 79-933.03 to 79-933.06, and 79-933.08 if the
7 contributions do not exceed the amount of payment required for the
8 service credits purchased by the member pursuant to such sections
9 and the contributions represent (a) all or any portion of the
10 balance of the member's interest in a qualified plan under section
11 401(a) of the Internal Revenue Code or (b) the interest of the
12 member from an individual retirement account or an individual
13 retirement annuity, the entire amount of which is attributable to
14 a qualified total distribution, as defined in the Internal Revenue
15 Code, from a qualified plan under section 401(a) of the code and
16 qualified as a tax-free rollover amount. The member's interest
17 under subdivision (a) or (b) of this subsection must be transferred
18 to the retirement system within sixty days from the date of
19 the distribution from the qualified plan, individual retirement
20 account, or individual retirement annuity.

21 (2) Cash transferred to the retirement system as a
22 rollover contribution shall be deposited as other payments for
23 service credits or repurchase of relinquished creditable service
24 pursuant to section 79-921.

25 (3) Under the same conditions as provided in subsection
26 (1) of this section, the retirement system may accept eligible
27 rollover distributions from (a) an annuity contract described in

1 section 403(b) of the Internal Revenue Code, (b) a plan described
2 in section 457(b) of the code which is maintained by a state, a
3 political subdivision of a state, or any agency or instrumentality
4 of a state or political subdivision of a state, or (c) the
5 portion of a distribution from an individual retirement account or
6 annuity described in section 408(a) or 408(b) of the code that is
7 eligible to be rolled over and would otherwise be includible in
8 gross income. Amounts accepted pursuant to this subsection shall be
9 deposited as all other payments under this section.

10 (4) The retirement system may accept direct rollover
11 distributions made from a qualified plan pursuant to section
12 401(a)(31) of the Internal Revenue Code. The direct rollover
13 distribution shall be deposited as all other payments under this
14 section.

15 (5) The board shall adopt and promulgate rules and
16 regulations defining procedures for acceptance of rollovers which
17 are consistent with sections 401(a)(31) and 402 of the Internal
18 Revenue Code.

19 Sec. 4. Section 79-933.08, Reissue Revised Statutes of
20 Nebraska, is amended to read:

21 79-933.08 (1) An employer and a school employee who
22 became a member before July 1, 2014, and who has completed at
23 least five years of creditable service plus eligibility and vesting
24 credit or a school employee who became a member for the first time
25 on or after July 1, 2014, who has ten or more years of creditable
26 service may by agreement made in contemplation of retirement,
27 to be effective within twelve months of the agreement, purchase

1 service credit for such employee for not to exceed five years of
2 creditable service. Such an agreement may be executed up to twelve
3 months prior to the employee's retirement date. The agreement shall
4 specify whether the school employee shall pay for the service
5 credits, whether the employer shall pay for the service credits,
6 or whether both the employee and employer shall share the cost of
7 the service credits. Such service credits shall be purchased for
8 an amount equal to the actuarial cost to the retirement system for
9 allowing such additional service credit to the employee.

10 (2) Payment for such service credits shall be completed
11 prior to the employee's termination of employment date and may
12 be made through direct payment, installment payments, or an
13 irrevocable deduction authorization. If payments are made on an
14 installment basis, interest shall be charged at the rate of regular
15 interest.

16 (3) Compensation for the period of service purchased
17 shall not be included in determining the member's final average
18 compensation.

19 (4) The retirement board shall credit funds collected
20 pursuant to this section to the Contingent Account pending the
21 employee's retirement. If the employee does not retire within
22 twelve months after the signing of the agreement made pursuant
23 to this section, such funds shall be refunded, excluding interest
24 earned, and the employee shall not be given credit for the service
25 credit attempted to be purchased.

26 Sec. 5. Section 79-933.09, Reissue Revised Statutes of
27 Nebraska, is amended to read:

1 79-933.09 The retirement system may accept as payment for
2 repurchase of relinquished creditable service under section 79-921
3 or purchases of service credit ~~or withdrawn amounts~~ made pursuant
4 to the School Employees Retirement Act a direct trustee-to-trustee
5 transfer from (1) an eligible tax-sheltered annuity plan as
6 described in section 403(b) of the Internal Revenue Code or
7 (2) an eligible deferred compensation plan as described in section
8 457(b) of the code on behalf of a member who is making payments for
9 such credit or amounts. The amount transferred shall not exceed the
10 amount of payment required for the service credit being purchased
11 and the purchase of such service credit shall qualify as a purchase
12 of permissive service credit by the member as defined in section
13 415 of the code.

14 Sec. 6. Section 79-980, Revised Statutes Cumulative
15 Supplement, 2012, is amended to read:

16 79-980 (1) At any time that the retirement system
17 consists of only one Class V school district, the general
18 administration of the retirement system is hereby vested in
19 the board of education. The board shall appoint, by a majority
20 of all its members, ten trustees to serve as executive officers
21 to administer the Class V School Employees Retirement Act. Such
22 trustees shall consist of (a) the superintendent of schools, as
23 ex officio trustee, (b) four members of the retirement system,
24 two from the certificated staff, one from the classified staff,
25 and one from the annuitants, (c) three members of the board of
26 education, and (d) two trustees who are business persons qualified
27 in financial affairs and who are not members of the retirement

1 system. The trustees shall serve without compensation, but they
2 shall be reimbursed from the funds of the retirement system for
3 expenses that they may incur through service on the board of
4 trustees as provided in sections 81-1174 to 81-1177. A trustee
5 shall serve until a successor qualifies, except that trustees who
6 are members of the retirement system or members of the board
7 of education shall be disqualified as trustees immediately upon
8 ceasing to be a member of the retirement system or of the board
9 of education. Each trustee shall be entitled to one vote on the
10 board of trustees, and six trustees shall constitute a quorum for
11 the transaction of any business. The trustees who are appointed
12 from the board of education and the membership shall be appointed
13 for each fiscal year. The two trustees who are not members of the
14 board of education or of the retirement system shall be appointed
15 for three fiscal years each. The trustees and the administrator
16 of the retirement system shall administer the retirement system
17 in compliance with the tax-qualification requirements applicable to
18 government retirement plans under section 401(a) of the Internal
19 Revenue Code, as defined in section 49-801.01, including: Section
20 401(a) (9) of the Internal Revenue Code relating to the time and
21 manner in which benefits are required to be distributed, including
22 the incidental death benefit distribution requirement of section
23 401(a) (9) (G) of the Internal Revenue Code; section 401(a) (25)
24 of the Internal Revenue Code relating to the specification of
25 actuarial assumptions; section 401(a) (31) of the Internal Revenue
26 Code relating to direct rollover distributions from eligible
27 retirement plans; and section 401(a) (37) of the Internal Revenue

1 Code relating to the death benefit of a member whose death occurs
2 while performing qualified military service. No member of the board
3 of education or trustee shall be personally liable, except in cases
4 of willful dishonesty, gross negligence, or intentional violations
5 of law, for actions relating to his or her retirement system
6 duties.

7 (2) At any time that the retirement system consists of
8 more than one Class V school district, the general administration
9 of the retirement system is hereby vested in a Class V Retirement
10 System Board composed of three members of the school board for each
11 participating Class V school district. The board shall appoint,
12 by a majority of all its members, trustees to serve as executive
13 officers to administer the Class V School Employees Retirement
14 Act. Such trustees shall consist of (a) the superintendent of each
15 participating Class V school district, as ex officio trustees, (b)
16 four members of the retirement system, two from the certificated
17 staff, one from the classified staff, and one from the annuitants,
18 (c) three members of the board, and (d) two trustees who are
19 business persons qualified in financial affairs and who are not
20 members of the retirement system. The trustees who are appointed
21 from the board and the membership shall, to the extent feasible, be
22 appointed equally from each participating Class V school district.
23 The trustees shall serve without compensation, but they shall be
24 reimbursed from the funds of the retirement system for expenses
25 that they may incur through service on the board of trustees
26 as provided in sections 81-1174 to 81-1177. A trustee shall
27 serve until a successor qualifies, except that trustees who are

1 members of the retirement system or members of the board shall be
2 disqualified as trustees immediately upon ceasing to be a member
3 of the retirement system or of the board. Each trustee shall be
4 entitled to one vote on the board of trustees, and six trustees
5 shall constitute a quorum for the transaction of any business. The
6 trustees who are appointed from the board and the membership shall
7 be appointed for each fiscal year. The two trustees who are not
8 members of the board or of the retirement system shall be appointed
9 for three fiscal years each. The trustees and the administrator
10 of the retirement system shall administer the retirement system
11 in compliance with the tax-qualification requirements applicable to
12 government retirement plans under section 401(a) of the Internal
13 Revenue Code, as defined in section 49-801.01, including: Section
14 401(a)(9) of the Internal Revenue Code relating to the time
15 and manner in which benefits are required to be distributed,
16 including the incidental death benefit distribution requirement
17 of section 401(a)(9)(G) of the Internal Revenue Code; section
18 ~~401(a)(16)~~ 401(a)(25) of the Internal Revenue Code relating to the
19 specification of actuarial assumptions; section 401(a)(31) of the
20 Internal Revenue Code relating to direct rollover distributions
21 from eligible retirement plans; and section 401(a)(37) of the
22 Internal Revenue Code relating to the death benefit of a member
23 whose death occurs while performing qualified military service. No
24 member of the Class V Retirement System Board or trustee shall
25 be personally liable, except in cases of willful dishonesty, gross
26 negligence, or intentional violations of law, for actions relating
27 to his or her retirement system duties.

1 Sec. 7. Section 79-987, Revised Statutes Supplement,
2 2013, is amended to read:

3 79-987 (1) An annual audit of the affairs of the
4 retirement system shall be conducted. At the option of the board,
5 such audit may be conducted by a certified public accountant or the
6 Auditor of Public Accounts. The costs of such audit shall be paid
7 from funds of the retirement system. A copy of such audit shall be
8 filed with the Auditor of Public Accounts.

9 (2) Beginning ~~March 31, 2012,~~ and each ~~March 31~~ 1, 2015,
10 and each March 1 thereafter, if such retirement plan is a defined
11 benefit plan, the ~~trustees of a retirement system established~~
12 ~~pursuant to section 79-979~~ board of education shall cause to
13 be prepared an annual report and the administrator shall file
14 the same with the Public Employees Retirement Board and submit
15 to the members of the Nebraska Retirement Systems Committee of
16 the Legislature a copy of such report. The report submitted to
17 the committee shall be submitted electronically. The report shall
18 consist of a full actuarial analysis of each such retirement plan
19 established pursuant to section 79-979. The analysis shall be
20 prepared by an independent private organization or public entity
21 employing actuaries who are members of the American Academy of
22 Actuaries and meet the academy's qualification standards to render
23 a statement of actuarial opinion, and which organization or entity
24 has demonstrated expertise to perform this type of analysis and is
25 unrelated to any organization offering investment advice or which
26 provides investment management services to the retirement plan.
27 The report shall be presented to the Nebraska Retirement Systems

1 Committee of the Legislature at a public hearing.

2 Sec. 8. Section 79-991, Revised Statutes Supplement,
3 2013, is amended to read:

4 79-991 (1) An employee who becomes a member without prior
5 service credit may purchase prior service credit, not to exceed the
6 lesser of ten years or the member's years of membership service,
7 for the period of service the member was employed by a school
8 district or by an educational service unit and which is not used in
9 the calculation of any retirement or disability benefit having been
10 paid, being paid, or payable in the future to such member under
11 any defined benefit retirement system or program maintained by such
12 other school district or educational service unit. The purchase of
13 prior service credit shall be made in accordance with and subject
14 to the following requirements:

15 (a) A member who desires to purchase prior service
16 credit shall make written application to the administrator of the
17 retirement system that includes all information and documentation
18 determined by the administrator as necessary to verify the
19 member's prior service and qualification to purchase the prior
20 service credit. Such application shall include the member's written
21 authorization for the administrator to request and receive from
22 any of the member's former employers verification of the member's
23 prior service, salary, and other information for determining the
24 member's eligibility to purchase prior service credit. Before prior
25 service credit may be purchased, the administrator shall have
26 received verification of the member's salary in each year with the
27 other school district or educational service unit and confirmation

1 that the prior service to be purchased by the member is not also
2 credited in the calculation of a retirement or disability benefit
3 for such member under another defined benefit retirement system
4 or program. The member's application to purchase prior service
5 credit may be made at any time before the fifth anniversary of the
6 member's membership in the retirement system or, if earlier, the
7 member's termination of employment with the school district;

8 (b) The member shall pay to the retirement system the
9 total amount he or she would have contributed to the retirement
10 system had he or she been a member of the retirement system during
11 the period for which prior service is being purchased, together
12 with interest thereon as determined using the rate of interest
13 established by the board for interest on such purchases of prior
14 service credit. Such payment shall be based on the most recent
15 years' salary the member earned in another school district or
16 educational service unit if the salary is verified by the other
17 school district or educational service unit or, if not, the payment
18 shall be based on the member's annual salary at the time he or she
19 became a member;

20 (c) Payments by the member for the purchase of the prior
21 service credit shall be paid as the trustees may direct through
22 direct payments to the retirement system or on an installment basis
23 pursuant to a binding irrevocable payroll deduction authorization
24 between the member and the school district over a period not to
25 exceed five years from the date of membership. Interest on delayed
26 payments shall be at the rate of interest established by the board
27 for determining interest on delayed payments by members to the

1 retirement system. In the event the member terminates employment
2 with the school district for any reason before full payment for
3 the prior service has been made, the remaining installments shall
4 be immediately due and payable to the retirement system. Prior
5 service credit may be purchased only in one-tenth-year increments,
6 and if payments are made on an installment basis, the prior
7 service will be credited only as payment has been made to the
8 retirement system. If the prior service to be purchased by the
9 member exceeds the member's membership service at the time of
10 application or any subsequent date, such excess prior service
11 shall be credited to the member only as the member completes
12 and is credited additional membership service, in one-tenth-year
13 increments, notwithstanding the member's payment for such prior
14 service credit. If the member retires or terminates employment
15 before completing sufficient membership service to permit all of
16 the excess prior service that has been purchased by the member
17 to be credited to such member, the retirement system shall refund
18 to the member, or to the member's beneficiary if the member's
19 termination is due to his or her death, the payments that have been
20 made to the retirement system for such uncredited prior service,
21 together with regular interest on such refund; and

22 (d) The school district shall contribute to the
23 retirement system an amount equal to the amount paid by each member
24 for the purchase of prior service credit at the time such payments
25 are made by such member.

26 (2) ~~Any member having five or more years of creditable~~
27 ~~service, excluding Any employee who became a member before July~~

1 1, 2014, who has five or more years of creditable service and
2 any employee who became a member for the first time on or after
3 July 1, 2014, who has ten or more years of creditable service,
4 excluding in either case years of prior service acquired pursuant
5 to section 79-990, 79-994, 79-995, or 79-997, or subsection (1) of
6 this section, may elect to purchase up to a total of five years
7 of additional creditable service under the retirement system, and
8 upon such purchase the member shall be given the same status as
9 though he or she had been a member of the retirement system for
10 such additional number of years, except as otherwise specifically
11 provided in the Class V School Employees Retirement Act. Creditable
12 service may be purchased only in one-tenth-year increments. The
13 amount to be paid to the retirement system for such creditable
14 service shall be equal to the actuarial cost to the retirement
15 system of the increased benefits attributable to such additional
16 creditable service as determined by the retirement system's actuary
17 at the time of the purchase pursuant to actuarial assumptions and
18 methods adopted by the trustees for this purpose. The election
19 to purchase additional creditable service may be made at any time
20 before the member's termination of employment, and all payments for
21 the purchase of such creditable service must be completed within
22 five years after the election or before the member's termination or
23 retirement, whichever event occurs first. Payment shall be made as
24 the trustees may direct through a single payment to the retirement
25 system, on an installment basis, including payments pursuant to
26 a binding irrevocable payroll deduction authorization between the
27 member and the school district, or by such other method approved

1 by the trustees and permitted by law. If payments are made on
2 an installment basis, creditable service will be credited only as
3 payment has been made to the retirement system to purchase each
4 additional one-tenth-year increment. Interest shall be charged on
5 installment payments at the rate of interest established by the
6 board for determining interest on delayed payments by members to
7 the retirement system.

8 Sec. 9. Section 84-1503, Revised Statutes Supplement,
9 2013, is amended to read:

10 84-1503 (1) It shall be the duty of the Public Employees
11 Retirement Board:

12 (a) To administer the retirement systems provided for in
13 the County Employees Retirement Act, the Judges Retirement Act,
14 the Nebraska State Patrol Retirement Act, the School Employees
15 Retirement Act, and the State Employees Retirement Act. The agency
16 for the administration of the retirement systems and under the
17 direction of the board shall be known and may be cited as the
18 Nebraska Public Employees Retirement Systems;

19 (b) To appoint a director to administer the systems under
20 the direction of the board. The appointment shall be subject to
21 the approval of the Governor and a majority of the Legislature.
22 The director shall be qualified by training and have at least five
23 years of experience in the administration of a qualified public
24 or private employee retirement plan. The director shall not be a
25 member of the board. The salary of the director shall be set by the
26 board. The director shall serve without term and may be removed by
27 the board;

1 (c) To provide for an equitable allocation of expenses
2 among the retirement systems administered by the board, and all
3 expenses shall be provided from the investment income earned by the
4 various retirement funds unless alternative sources of funds to pay
5 expenses are specified by law;

6 (d) To administer the deferred compensation program
7 authorized in section 84-1504;

8 (e) To hire an attorney, admitted to the Nebraska State
9 Bar Association, to advise the board in the administration of the
10 retirement systems listed in subdivision (a) of this subsection;

11 (f) To hire an internal auditor to perform the duties
12 described in section 84-1503.04 who meets the minimum standards as
13 described in section 84-304.03;

14 (g) To adopt and implement procedures for reporting
15 information by employers, as well as testing and monitoring
16 procedures in order to verify the accuracy of such information.
17 The information necessary to determine membership shall be provided
18 by the employer. The board shall adopt and promulgate rules
19 and regulations and prescribe such forms necessary to carry out
20 this subdivision. Nothing in this subdivision shall be construed
21 to require the board to conduct onsite audits of political
22 subdivisions for compliance with statutes, rules, and regulations
23 governing the retirement systems listed in subdivision (1)(a) of
24 this section regarding membership and contributions; and

25 (h) To prescribe and furnish forms for the public
26 retirement system plan reports required to be filed pursuant to
27 sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017,

1 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, 71-1631.02, and
2 79-987.

3 (2) In administering the retirement systems listed in
4 subdivision (1)(a) of this section, it shall be the duty of the
5 board:

6 (a) To determine, based on information provided by the
7 employer, the prior service annuity, if any, for each person who is
8 an employee of the county on the date of adoption of the retirement
9 system;

10 (b) To determine the eligibility of an individual to be
11 a member of the retirement system and other questions of fact in
12 the event of a dispute between an individual and the individual's
13 employer;

14 (c) To adopt and promulgate rules and regulations for the
15 management of the board;

16 (d) To keep a complete record of all proceedings taken at
17 any meeting of the board;

18 (e) To obtain, by a competitive, formal, and sealed
19 bidding process through the materiel division of the Department
20 of Administrative Services, actuarial services on behalf of the
21 State of Nebraska as may be necessary in the administration
22 and development of the retirement systems, including, but not
23 limited to, preparation of an annual actuarial valuation report of
24 each of the defined benefit and cash balance plans administered
25 by the board. Such annual valuation reports shall be presented
26 by the actuary to the Nebraska Retirement Systems Committee of
27 the Legislature at a public hearing or hearings. Any contract

1 for actuarial services shall contain a provision allowing the
2 actuary, without prior approval of the board, to perform actuarial
3 studies of the systems as requested by entities other than the
4 board, if notice, which does not identify the entity or substance
5 of the request, is given to the board, all costs are paid by
6 the requesting entity, results are provided to the board, the
7 Nebraska Retirement Systems Committee of the Legislature, and
8 the Legislative Fiscal Analyst upon being made public, and such
9 actuarial studies do not interfere with the actuary's ongoing
10 responsibility to the board. The term of the contract shall be
11 for up to three years. A competitive, formal, and sealed bidding
12 process shall be completed at least once every three years,
13 unless the board determines that such a process would not be cost
14 effective under the circumstances and that the actuarial services
15 performed have been satisfactory, in which case the contract may
16 also contain an option for renewal without a competitive, formal,
17 and sealed bidding process for up to three additional years.
18 An actuary under contract for the State of Nebraska shall be a
19 member of the American Academy of Actuaries and meet the academy's
20 qualification standards to render a statement of actuarial opinion;

21 (f) To direct the State Treasurer to transfer funds, as
22 an expense of the retirement systems, to the Legislative Council
23 Retirement Study Fund. Such transfer shall occur beginning on or
24 after July 1, 2005, and at intervals of not less than five years
25 and not more than fifteen years and shall be in such amounts as the
26 Legislature shall direct;

27 (g) To adopt and promulgate rules and regulations to

1 carry out the provisions of each retirement system described in
2 subdivision (1)(a) of this section, which includes, but is not
3 limited to, the crediting of military service, direct rollover
4 distributions, and the acceptance of rollovers;

5 (h) To obtain, by a competitive, formal, and sealed
6 bidding process through the materiel division of the Department
7 of Administrative Services, auditing services for a separate
8 compliance audit of the retirement systems to be completed by
9 December 31, 2020, and from time to time thereafter at the request
10 of the Nebraska Retirement Systems Committee of the Legislature, to
11 be completed not more than every four years but not less than every
12 ten years. The compliance audit shall be in addition to the annual
13 audit conducted by the Auditor of Public Accounts. The compliance
14 audit shall include, but not be limited to, an examination of
15 records, files, and other documents and an evaluation of all
16 policies and procedures to determine compliance with all state and
17 federal laws. A copy of the compliance audit shall be given to the
18 Governor, the board, and the Nebraska Retirement Systems Committee
19 of the Legislature and shall be presented to the committee at a
20 public hearing;

21 (i) To adopt and promulgate rules and regulations for
22 the adjustment of contributions or benefits, which includes, but
23 is not limited to: (i) The procedures for refunding contributions,
24 adjusting future contributions or benefit payments, and requiring
25 additional contributions or repayment of benefits; (ii) the
26 process for a member, member's beneficiary, employee, or employer
27 to dispute an adjustment to contributions or benefits; (iii)

1 establishing materiality and de minimus amounts for agency
2 transactions, adjustments, and inactive account closures; and (iv)
3 notice provided to all affected persons. Following an adjustment, a
4 timely notice shall be sent that describes the adjustment and the
5 process for disputing an adjustment to contributions or benefits;
6 and

7 (j) To administer all retirement system plans in a
8 manner which will maintain each plan's status as a qualified
9 plan pursuant to the Internal Revenue Code, as defined in section
10 49-801.01, including: Section 401(a)(9) of the Internal Revenue
11 Code relating to the time and manner in which benefits are
12 required to be distributed, including the incidental death benefit
13 distribution requirement of section 401(a)(9)(G) of the Internal
14 Revenue Code; ~~section 401(a)(16)~~ 401(a)(25) of the Internal Revenue
15 Code relating to the specification of actuarial assumptions;
16 section 401(a)(31) of the Internal Revenue Code relating to direct
17 rollover distributions from eligible retirement plans; section
18 401(a)(37) of the Internal Revenue Code relating to the death
19 benefit of a member whose death occurs while performing qualified
20 military service; and section 401(a) of the Internal Revenue Code
21 by meeting the requirements of section 414(d) of the Internal
22 Revenue Code relating to the establishment of retirement plans
23 for governmental employees of a state or political subdivision
24 thereof. The board shall adopt and promulgate rules and regulations
25 necessary or appropriate to maintain such status including, but not
26 limited to, rules or regulations which restrict discretionary or
27 optional contributions to a plan or which limit distributions from

1 a plan.

2 (3) By March 31 of each year, the board shall prepare
3 a written plan of action and shall present such plan to the
4 Nebraska Retirement Systems Committee of the Legislature at a
5 public hearing. The plan shall include, but not be limited to,
6 the board's funding policy, the administrative costs and other
7 fees associated with each fund and plan overseen by the board,
8 member education and informational programs, the director's duties
9 and limitations, an organizational structure of the office of the
10 Nebraska Public Employees Retirement Systems, and the internal
11 control structure of such office to ensure compliance with state
12 and federal laws.

13 Sec. 10. If any section in this act or any part of any
14 section is declared invalid or unconstitutional, the declaration
15 shall not affect the validity or constitutionality of the remaining
16 portions.

17 Sec. 11. Original sections 79-924, 79-933.02, 79-933.08,
18 and 79-933.09, Reissue Revised Statutes of Nebraska, section
19 79-980, Revised Statutes Cumulative Supplement, 2012, and sections
20 79-921, 79-987, 79-991, and 84-1503, Revised Statutes Supplement,
21 2013, are repealed.

22 Sec. 12. Since an emergency exists, this act takes effect
23 when passed and approved according to law.